UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

APR - 8 2016

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Terry Nanti
General Manager
Mag Pellet LLC
64 East 100 North
Reynolds, Indiana 47980

Re: Notice and Finding of Violation
Mag Pellet LLC
Reynolds, Indiana

Dear Mr. Nanti:

The U.S. Environmental Protection Agency is issuing the enclosed Notice and Finding of Violation (NOV/FOV) to Mag Pellet LLC (Mag Pellet or you) under Section 113(a)(1) of the Clean Air Act (CAA), 42 U.S.C. § 7413(a)(1). We find that you are violating the CAA and the Indiana State Implementation Plan at your Reynolds, Indiana facility.

Section 113 of the CAA gives us several enforcement options. These options include issuing an administrative compliance order, issuing an administrative penalty order, and bringing a judicial civil or criminal action.

We are offering you an opportunity to confer with us about the violations alleged in the NOV/FOV. The conference will give you an opportunity to present information on the specific findings of violation, any efforts you have taken to comply, and the steps you will take to prevent future violations. In addition, in order to make the conference more productive, we encourage you to submit to us information responsive to the NOV/FOV prior to the conference date.

Please plan for your facility's technical and management personnel to attend the conference to discuss compliance measures and commitments. You may have an attorney represent you at this conference.

The EPA contact in this matter is Molly Smith. You may call her at (312) 353-8773 to request a conference. You should make the request within 10 calendar days following receipt of this letter. We should hold any conference within 30 calendar days following receipt of this letter.

Sincerely,

George T. Czerniak
Director
Air and Radiation Division

Enclosure

cc: Mike Twite
Magnetation LLC

Janusz Johnson
Section Chief, Office of Air Quality
Indiana Department of Environmental Management

Rebecca Hayes
Compliance and Enforcement Manager, Office of Air Quality
Indiana Department of Environmental Management

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5

IN THE MATTER OF:	)	
	)	
Mag Pellet LLC	)	**NOTICE OF VIOLATION and**
Reynolds, Indiana	)	**FINDING OF VIOLATION**
	)	
	)	**EPA-5-16-IN-02**
Proceedings Pursuant to	)	
the Clean Air Act	)	
42 U.S.C.§ § 7401 et seq	)	

NOTICE AND FINDING OF VIOLATION

Mag Pellet LLC (Mag Pellet or you) owns and operates an iron ore concentrate pelletizing facility and associated process equipment at 64 East 100 North, Reynolds, Indiana (facility). The facility operates under Title V Permit Number T181-32081-00054 (Title V Permit) issued April 16, 2013 by the Indiana Department of Environmental Management (IDEM) as amended by Administrative Amendment Permit Number 181-35386-00054 on March 5, 2015 by IDEM.

The U.S. Environmental Protection Agency is sending this Notice of Violation and Finding of Violation (NOV/FOV or Notice) to notify you that we have found opacity, particulate matter (PM), particulate matter with a diameter less than 10 microns (PM_{10}), particulate matter with a diameter less than 2.5 microns ($PM_{2.5}$), fluoride (F), sulfur dioxide (SO_2), and nitrogen oxide (NO_X) emissions at your facility in excess of the limits specified in your Title V Permit, the Indiana State Implementation Plan (SIP), analysis from the determination of prevention of significant deterioration (PSD) with associated best available control technology (BACT) limits, and the Standards of Performance for Nonmetallic Mineral Processing Plants at 40 C.F.R. Part 60, Subpart OOO (NSPS OOO). These exceedances constitute violations of the Clean Air Act (the Act or CAA).

This NOV/FOV is issued in accordance with Sections 113(a)(1) and (a)(3) of the CAA, 42 U.S.C. §§ 7413(a)(1) and (3). The authority to issue this NOV/FOV has been delegated by the Administrator to the Regional Administrator and re-delegated to the Director of the Air and Radiation Division for Region 5 of the EPA.

Section 113 of the Act provides you with the opportunity to request a conference with us to discuss the violations alleged in the NOV/FOV. This conference will provide you a chance to present information on the identified violations, any efforts you have taken to comply, and the steps you will take to prevent future violations. Please plan for the facility's technical and management personnel to take part in these discussions. You may have an attorney represent and accompany you at this conference.

STATUTORY AND REGULATORY BACKGROUND

1. The Act is designed to, among other things, protect and enhance the quality of the nation's air so as to promote the public health and welfare and the productive capacity of its population. Section 101(b)(1) of the Act, 42 U.S.C. § 7401(b)(1).

Standards of Performance for New Stationary Sources

2. Section 111(b) of the Act, 42 U.S.C. § 7411(b), requires EPA to publish a list of categories of sources, which, in EPA's judgment, cause or contribute significantly to air pollution that may reasonably be anticipated to endanger public health or welfare, and to promulgate standards of performance for new stationary sources within these categories. These standards are known as "new source performance standards" or "NSPS."

3. The NSPS are national technology-based performance standards for air pollutant sources constructed or modified after a specified date. The purpose of the standards is to ensure that all new or modified sources of air pollutants will be designed to meet emission limitations achievable through the application of the best demonstrated system for emission reduction considering the cost of achieving such reduction and any non-air quality health and environmental impact and energy requirements. *See* Section 111(a)(1) of the Act, 42 U.S.C. § 7411(a)(1).

4. Section 111(e) of the Act, 42 U.S.C. § 7411(e), prohibits the owner or operator of any new source from operating such source in violation of any standard of performance applicable to such source.

5. Under Section 111(a)(2) of the Act, 42 U.S.C. § 7411(a)(2), "new source" means any stationary source, the construction or modification of which is commenced after the publication of regulations (or if earlier, proposed regulations) prescribing a standard of performance which will be applicable to such source.

6. Under Section 111(a)(3) of the Act, 42 U.S.C. § 7411(a)(3), "stationary source" means any building, structure, facility, or installation which emits or may emit any air pollutant.

7. Under Section 111(b) of the Act, 42 U.S.C. § 7411(b), EPA promulgates NSPS for categories of sources and codifies those requirements at 40 C.F.R. Part 60.

8. 40 C.F.R. Part 60, Subpart A contains general provisions applicable to the owner or operator of any stationary source which contains an affected facility subject to NSPS. These general provisions include definitions at 40 C.F.R. § 60.2, requirements at 40 C.F.R§ 60.8 for performance testing, requirements at 40 C.F.R. § 60.11 for demonstrating compliance with opacity standards, and requirements at 40 C.F.R. § 60.13 for continuous monitoring systems.

9. Under 40 C.F.R. § 60.2, an "affected facility" means any apparatus subject to a performance standard under the NSPS regulations.

10. The NSPS, at 40 C.F.R. § 60.8(a), provides that initial performance testing occur within 60 days after achieving the maximum production rate at which the affected facility will be operated, but no later than 180 days after initial startup. The owner or operated shall furnish the Administrator with a written report of the results of the performance test(s).

11. On April 28, 2009, EPA promulgated NSPS OOO, codified at 40 C.F.R. Part 60 Subpart OOO. 74 Fed. Reg. 19309. The affected facility to which the NSPS OOO applies are fixed and portable nonmetallic mineral processing plants: each crusher, grinding mill, screening operation, bucket elevator, belt conveyor, bagging operation, storage bin, enclosed truck or railcar loading station. *See* 40 C.F.R. § 60.670.

12. The NSPS OOO, at 40 C.F.R. § 60.675, provides that the owner or operator of an affected facility conduct performance testing, as required by 40 C.F.R. § 60.8, to confirm compliance with PM emission limits in 40 C.F.R. § 60.672(a).

13. The NSPS OOO, at 40 C.F.R. § 60.672(a), provides that the owner or operator meet the stack PM emission limits for affected facilities with capture systems, as provided in Table 2 of the subpart.

14. The NSPS OOO, at 40 C.F.R. § 60.672(b), provides that the owner or operator meet the fugitive PM emission standards, as provided in Table 3 of the subpart.

15. The NSPS OOO, at 40 C.F.R. § 60.672(e), provides that any affected facility in an enclosed building must comply with the emission limits for fugitive emissions, 7% opacity, or the vents must meet Table 2 emission limits.

16. Table 2 of NSPS OOO states that affected facilities that commenced construction, modification, or reconstruction on or after April 22, 2008 must meet a 0.014 gr/dscf emission limit for non-individual enclosed storage bins or other equipment.

Federal Title V Requirements

17. Pursuant to Section 502(a) of the Act, 42 U.S.C. § 7661a(a), it is unlawful for any person to, among other things, operate a major source subject to Title V except in compliance with a Title V permit after the effective date of any permit program approved or promulgated under Title V of the Act. EPA first promulgated regulations governing state operating permit programs on July 21, 1992. *See* 57 Fed. Reg. 32295; 40 C.F.R. Part 70.

18. Section 502(a) of the Act, 42 U.S.C. § 7661a(a), provides that after the effective date of any permit program approved or promulgated under Title V, it shall be unlawful for any person to violate any requirement of a permit issued under Title V.

19. 40 C.F.R. § 70.6(b)(1) provides that Title V permits are federally enforceable and that all terms and conditions in a Title V permit, including any provisions designed to limit a source's potential to emit, are enforceable by EPA.

20. 40 C.F.R § 70.2 defines "major source," in part, as any stationary source belonging to a single major industrial grouping and that directly emits or has to potential to emit greater than 100 tons per year (tpy) of any criteria air pollutant, 10 tpy of a single HAP, or 25 tpy of all HAP combined.

21. Section 503 of the Act, 42 U.S.C. § 7661b(d), sets forth the requirement to submit a timely, accurate, and complete permit application for a permit, including information required to be submitted with the application.

22. Section 504(a) of the Act, 42 U.S.C. § 7661c(a), requires that each Title V permit include enforceable emission limitations and standards, a schedule of compliance, and compliance certification requirements to assure compliance with the permit terms and conditions.

23. 40 C.F.R. § 70.1(b) provides that all sources subject to Title V shall have a permit to operate that assures compliance by the source with all applicable requirements.

24. 40 C.F.R. § 70.2 defines "applicable requirement" in part, to include, among other things, any standard or other requirements provided for in the applicable implementation plan approved or promulgated by EPA through rulemaking under Title I of the Act that implements the relevant requirements of the Act.

25. 40 C.F.R. § 70.7(b) provides that no source subject to 40 C.F.R. Part 70 requirements may operate without a permit as specified in the Act.

26. 40 C.F.R. 70.5(a) and (c) require the owner or operator to submit timely and complete permit applications for Title V permits. These regulations also specify the required information in that permit application. 40 C.F.R. § 70.6 specifies required permit content. 40 C.F.R. § 70.6(c) requires that Title V permits include requirements for compliance certification with terms and conditions contained in the permit, including emission limitations, standards, or work practices and the status of compliance with the terms and conditions of the permit for the period covered by the certification, including whether compliance was continuous or intermittent.

27. 40 C.F.R. § 70.5(b) provides that any applicant who fails to submit any relevant facts or who has submitted incorrect information in a permit application shall, upon becoming aware of such failure or incorrect submittal, promptly submit such supplementary facts or corrected information. In addition, an applicant shall provide additional information as necessary to address any requirements that become applicable to the source after the date it filed a complete application but prior to release of a draft permit.

Indiana Title V Requirements

28. EPA promulgated final interim approval of the Indiana Title V program on November 14, 1995, 60 Fed. Reg. 57191, and the program became effective on that date.

29. EPA granted interim approval of 326 IAC 2-7-5, governing Title V permit content, effective December 14, 1995, 60 Fed. Reg. 57188, 40 C.F.R. Part 70, Appendix A, Indiana (a), as part of Indiana's operating permits program. EPA granted final full approval effective November 30, 2001, 66 Fed. Reg. 62969, 40 C.F.R. Part 70, Appendix A, Indiana (b), with revisions granted final approval effective July 15, 2002, 67 Fed. Reg. 34844, 40 C.F.R. Part 70, Appendix A, Indiana (c).

30. 326 IAC 2-7-5(1) provides that Title V permits shall incorporate emission limitations and standards, including those operational requirements and limitations that assure compliance with all applicable requirements at the time of a Part 70 permit issuance.

31. EPA approved 326 IAC 2-7-6, governing compliance requirements, effective December 14, 1995, 60 Fed. Reg. 57188, 40 C.F.R. Part 70, Appendix A, Indiana (a), as part of Indiana's operating permits program. EPA granted final full approval effective November 30, 2001, 66 Fed. Reg. 62969, 40 C.F.R. Part 70, Appendix A, Indiana (b), with revisions granted final approval effective July 15, 2002, 67 Fed. Reg. 34844, 40 C.F.R. Part 70, Appendix A, Indiana (c).

32. 326 IAC 2-7-6(1) provides that Title V permits issued under this rule shall contain requirements with respect to compliance certification, testing, monitoring, reporting, and record keeping sufficient to assure compliance with the terms and conditions of a Part 70 permit consistent with section 5(3) of this rule.

33. EPA approved 326 IAC 2-2-3, governing control technology review and requirements, prevention of significant deterioration (PSD) and best available control technology (BACT), effective July 18, 2007, 72 Fed. Reg. 33395, as part of the Indiana SIP.

34. EPA approved 326 IAC 2-7-4, governing permit applications, effective December 14, 1995, 60 Fed. Reg. 57188, 40 C.F.R. Part 70, Appendix A, Indiana (a), as part of Indiana's operating permits program. EPA granted final full approval effective November 30, 2001, 66 Fed. Reg. 62969, 40 C.F.R. Part 70, Appendix A, Indiana (b), with revisions granted final approval effective July 15, 2002, 67 Fed. Reg. 34844, 40 C.F.R. Part 70, Appendix A, Indiana (c).

35. 326 IAC 2-7-4(c)(3) provides the information required to be submitted in a Part 70 permit application, including a necessary emission related information.

Mag Pellet Title V Requirements

36. On April 16, 2013, IDEM issued Mag Pellet Title V Permit Number T181-32081-00054 (Title V Permit) for its Reynolds, Indiana facility.

37. Pursuant to 326 IAC 5-1-2, Opacity Limitations, Section C of the Title V Permit lists the following emission limitation for units not specifically permitted for opacity elsewhere in the Title V Permit:

a. Title V Permit Condition C.2(a) provides that the opacity shall not exceed an average of forty percent in any one six-minute averaging period.

b. Title V Permit Condition C.15(b) provides that a retest to demonstrate compliance shall be performed no later than one hundred and eighty days after the date of the first non-compliant stack test.

38. Section D of the Title V Permit lists the following emission unit and corresponding control device operating conditions:

a. Title V Permit Condition D.1.1 for EU001a and EU004b (raw material handling units) provides the PM PSD BACT emission limits for baghouses CE001 and CE004.

b. Title V Permit Condition D.1.5(a), raw material handling units, provides that CE001 shall be in operation and control PM emissions from EU001 at all times that EU001 is in operation; CE004 shall be in operation and control PM emissions from EU004b at all times that EU004b is in operation; CE005 shall be in operation and control PM emissions from EU005 at all times that EU005 is in operation; and CE006 shall be in operation and control PM emissions from EU006 at all times that EU006 is in operation.

c. Title V Permit Condition D.1.6(a), raw material handling units, provides that PM_{10} and $PM_{2.5}$ performance testing shall be performed on baghouse CE001 no later than 180 days from plant startup.

d. Title V Permit Condition D.1.8(a), raw material handling units, provides that visible emission notations of the exhausts from baghouses CE001 and CE004 shall be performed once per day during normal daylight operations by a trained employee.

e. Title V Permit Condition D.2.1 for EU009, EU010, EU011, EU012, and EU025b (additive grinding and mixing units) provides the PM, SO_2, NO_x, and F PSD BACT emission limits for baghouses CE009, CE010, CE011a, CE011b, CE012, and CE023.

f. Title V Permit Condition D.2.4(a), additive grinding and mixing units, provides that CE009 shall be in operation and control PM emissions from EU009 at all times that EU009 is in operation; CE023 shall be in operation and control PM emissions from EU025b at all times that EU025b is in operation; CE010 shall be in operation and control PM emissions from EU010 at all times the EU010 is in operation; CE011 shall be in operation and control PM emissions from EU011 at all times the EU011 is in operation; and CE012 shall be in operation and control PM emissions from EU012 at all times that EU012 is in operation.

g. Title V Permit Condition D.2.6(a), additive grinding and mixing units, provides that PM_{10} and $PM_{2.5}$ performance testing shall be performed on CE009, CE010, and CE023 no later than 180 days from plant startup.

h. Title V Permit Condition D.2.9(a), additive grinding and mixing units, provides that visible emission notations of the exhausts from baghouses CE009, CE010, and CE012 shall be performed once per day during normal daylight operations by a trained employee.

i. Title V Permit Condition D.3.1 for EU013, EU014, and EU015 (indurating unit) provides the opacity, PM, SO_2, NO_x, and F PSD BACT emission limits for baghouses CE013, CE016, CE017a, and CE017b.

j. Title V Permit Condition D.3.5(a), induration unit, provides that CE013 shall be in operation and control PM emissions from EU013 at all times that EU013 is in operation; CE016 shall be in operation and control PM emissions from EU014 at all times the EU014 is in operation; CE017a and CE017b shall be in operation and control PM emissions from EU015 at all times the EU015 is in operation.

k. Title V Permit Condition D.3.8(a), indurating unit, provides that PM_{10} and $PM_{2.5}$ performance testing shall be performed on baghouses CE013, CE016, CE017a, and CE017b (SV013a, SV013b and SV014) no later than 180 days from plant startup.

l. Title V Permit Condition D.3.14(a), induration unit, provides that visible emission notations of the exhausts from baghouses CE013, CE016, CE017a, and CE017b shall be performed once per day during normal daylight operations by a trained employee.

m. Title V Permit Condition D.3.17(a), induration unit, provides the parametric monitoring requirements for the gas suspension absorber (GSA) unit, CE015. Mag Pellet shall monitor and record the air flow rate through the reactor of the GSA at least once per day when the furnace is in operation. The unit shall maintain the air flow rate at or above the minimum of 250,000 dscfm.

n. Title V Permit Condition D.4.1 for EU016, EU019a, and EU019b (separation and loadout units), provides the PM PSD BACT emission limits for baghouses CE018, CE019a, and CE019b.

o. Title V Permit Condition D.4.5(a), separation and loadout units, provides that PM_{10} and $PM_{2.5}$ performance testing shall be performed on CE019a and CE019b not later than 180 days from plant startup.

p. Title V Permit Condition D.4.7(a), separation and loadout units, provides that visible emission notations of the exhausts from baghouses CE018, CE019a, and

CE019b shall be performed once per day during normal daylight operations by a trained employee.

q. Title V Permit Condition D.4.8(a), separation and load out units, provides that pressure drop across baghouse CE018, CE019a, and CE019b, be recorded at least once a day when the associated emission unit is in operation.

r. Title V Permit Condition D.5.1(a) for EU027 (windbox exhaust air pollution control equipment), provides the PM PSD BACT emission limits for baghouse CE027.

s. Title V Permit Condition D.5.3, windbox exhaust air pollution control equipment, provides that CE020 shall be in operation and control PM emissions from EU020 at all times that EU020 is in operation; CE021 shall be in operation and control PM emissions from EU022 at all times that EU022 is in operation; CE024 shall be in operation and control PM emissions from EU026 at all times that EU026 is in operation; and CE027 shall be in operation and control PM emissions from EU027 at all times that EU027 is in operation.

t. Title V Permit Condition D.5.7, windbox exhaust air pollution control equipment, provides that pressure drop across baghouse CE027, shall be maintained between 3.0 and 10.0 inches of water when the associated emissions units is in operation.

39. Section E of the Title V Permit lists the following emission unit operating condition:

a. Title V Permit Condition E.1.2 for EU002b, EU003b, EU010, EU025a, and EU025b (nonmetallic mineral processing plants), incorporates NSPS OOO into the facility's Title V Permit.

b. Title V Permit Condition E.1.2(c), nonmetallic mineral processing plants, provides that PM emission standards and performance testing requirements in 40 C.F.R. § 60.672(a), (b) and (e) apply to EU002b, EU003b, EU025a, EU025b, and EU010.

FINDING OF FACTS

40. Mag Pellet began construction on the Reynolds, Indiana facility in June 2013.

41. Mag Pellet started operating on September 29, 2014.

42. Mag Pellet is a major source as defined by 40 C.F.R. § 70.2. Mag Pellet is also considered a new stationary source under the CAA.

43. Mag Pellet is located in White County, Indiana, which is designated as an attainment area for PM, SO_2, NO_x, and F.

44. Mag Pellet conducted initial performance testing on all emission units from August 25-September 3, 2015. Testing began 331 days from the first date of operation. A final performance test report was received by the IDEM on October 21, 2015. February 25, 2016 would have been 180 days from the first failed stack test. Performance testing was performed for PM, PM_{10}, $PM_{2.5}$, lead, F, hydrogen fluoride (HF), SO_2, NO_x, carbon dioxide (CO_2), and opacity.

45. EPA conducted inspections of the Mag Pellet facility on October 7, 2015 and November 5, 2015. EPA conducted opacity readings at the facility on October 7, 2015 and February 4, 2016.

46. The following Mag Pellet emission units are considered affected sources and subject to NSPS OOO, as described in Section E.1 of the facility's Title V Permit:

    a. One limestone unloading and storage area consisting of one covered conveyor, one load hopper, and a limestone storage pile enclosure (EU002b);
    b. One dolomite unloading and storage area consisting of one covered conveyor, one load hopper, and a dolomite storage pile enclosure (EU003b);
    c. One limestone and dolomite grinding mill bin area consisting of the following:
        i. One load hopper, one hopper discharge feeder, and one covered belt feeder (EU025a);
        ii. One limestone feed conveyor, one dolomite feed conveyor, one roller mill feed conveyor, one additive conveyor, one dolomite grinding mill bin, and one limestone grinding mill bin (EU025b); and
    d. One ground limestone and dolomite additive system consisting of one roller grinding mill for limestone and dolomite, one product separation cyclone, and one limestone and dolomite ground additive surge hopper (EU010).

47. Mag Pellet submitted the following quarterly deviation reports to IDEM:

    a. October 30, 2014 – 3rd Quarter 2014 Report;
    b. January 30, 2015 and February 10, 2015 – 4th Quarter 2014 Report;
    c. April 30, 2015 – 1st Quarter 2015 Report;
    d. July 31, 2015 – 2nd Quarter 2015 Report;
    e. October 31, 2015 – 3rd Quarter 2015 Report; and
    f. January 29, 2016 – 4th Quarter 2015 Report.

EXPLANATION OF VIOLATIONS

NSPS

48. Mag Pellet violated 40 C.F.R. §§ 60.8, 60.11, and 60.675 by conducting initial performance testing on EU010, baghouse CE010, 151 days past the 180 day deadline listed in NSPS OOO. Mag Pellet began operating on September 29, 2014 and was required to conduct initial performance testing by March 27, 2015. Initial performance testing was not conducted until August 25-September 3, 2015.

49. Mag Pellet violated 40 C.F.R. §§ 60.8, 60.11, and 60.675 by failing to conduct initial performance testing for NSPS OOO on EU002b, EU003b, and EU025a. Mag Pellet began operating on September 29, 2014 and was required to conduct initial performance testing by March 27, 2015. To date Mag Pellet has not tested these affected sources.

50. Mag Pellet violated 40 C.F.R. §§ 60.8, 60.11, and 60.675 by failing to conduct representative initial performance testing for NSPS OOO on EU025b. Mag Pellet began operating on September 29, 2014 and was required to conduct initial performance testing by March 27, 2015. Mag Pellet conducted initial performance testing for NSPS OOO on August 24-15, 2015; however, the unit was only operating at 42% of the permitted operating capacity.

51. Baghouse CE010, EU010, was tested on August 25, 2015 and results show stack emissions of 0.015 gr/dscf total PM on average in excess of the 0.014 gr/dscf PM stack emission limit listed in Table 2 of NSPS OOO. Baghouse CE010's PM emission limit exceedance is a violation of 40 C.F.R. § 60.672(a).

Title V: Operating Parameters

52. On April 30, 2015, Mag Pellet operated the induration furnace (EU013, EU014, and EU015) in violation of Title V Permit Condition D.3.12(a), by operating with a three-hour rolling sulfur input average of 107.97 pounds per hour. In order to demonstrate compliance with the Title V Permit Condition D.3.1(a), Mag Pellet must monitor the sulfur input, as a component of coke breeze, and shall not exceed 101 pounds on a three-hour average. The information was provided in the quarterly reports submitted by Mag Pellet to IDEM, listed in Paragraph 47.

53. On the following dates, Mag Pellet failed to observe and record visible emissions for the following emission units, in violation of the listed Title V Permit requirements. The information was provided in the quarterly reports submitted by Mag Pellet to IDEM, listed in Paragraph 47.

Emission Unit (ID)	Control Device (ID)	Pollutant	Limit/ Requirement	Dates of Non-compliance	Requirement (Title V Permit and PSD/SIP)
Coke Breeze Unloading (EU004b)	Baghouse (CE004)	Opacity	Reading once per day	12/14/14, 12/30/14	D.1.7, 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)
Rail Car Unloading (EU001a)	Baghouse (CE001)	Opacity	Reading once per day	12/30/14	D.1.7, 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)
Coke Breeze Additive System (EU009)	Baghouse (CE009)	Opacity	Reading once per day	12/30/14	D.2.9(a), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)

Ground Limestone and Dolomite Additive System (EU010)	Baghouse (CE010)	Opacity	Reading once per day	12/30/14	D.2.9(a), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)
Hearth Layer Bin System (EU012)	Baghouse (CE012)	Opacity	Reading once per day	12/30/14	D.2.9(a), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)
Furnace Hood Exhaust (EU013)	Baghouse (CE013)	Opacity	Reading once per day	12/30/14	D.3.14(a), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)
Furnace Windbox Exhaust (EU014)	Baghouse (CE016)	Opacity	Reading once per day	12/30/14	D.3.14(a), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)
Furnace Discharge System (EU015)	Baghouse (CE017)	Opacity	Reading once per day	12/30/14	D.3.14(a), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)
Oxide Pellet Storage and Unloading System (EU019)	Baghouse (CE019A & CE019B)	Opacity	Reading once per day	12/30/14	D.4.7(a), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)
Hearth Layer Separation System (EU016)	Baghouse (CE018)	Opacity	Reading once per day	12/30/14	D.4.7(a), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)

54. For the following units on the following dates, Mag Pellet failed to operate air pollution control equipment when the associated emission unit was in operation, in violation of the listed Title V Permit requirements. The information was provided in the quarterly reports submitted by Mag Pellet to IDEM, listed in Paragraph 47.

Emission Unit (ID)	**Control Device (ID)**	**Limit/ Requirement**	**Dates of Non-compliance**	**Requirement (Title V Permit and PSD/SIP)**
Mixing Area Material Handling System (EU011)	Baghouse (CE011)	Operate control device when emission unit is in operation	10/10/14, 11/6/14, 4/3/15, 4/17/15, 4/20/15, 5/1/15, 5/4/15, 5/9/15, 5/13/15, 5/22/15, 6/9/15, 6/11/15, 6/14-15/15, 6/26/15, 7/13/15, 8/21/15, 8/27/15, 8/31/15, 9/2/15, 9/18/15,	D.2.4(a), 326 IAC 2-7-5(1)

			9/26/15, 10/31/15, 11/2/15	
Hearth Layer Bin System (EU012)	Baghouse (CE012)	Operate control device when emission unit is in operation	10/1/14, 10/5/14, 10/7/14, 10/12/14, 10/16/14, 10/30/14-11/3/14, 11/6/14, 11/13/14, 11/15-16/14, 11/18/14, 11/21/14, 11/29-30/14, 12/1-2/14, 12/9-10/14, 12/17/14, 12/18/14, 12/23/14, 1/1-10/15*, 1/12-15/15*, 1/20/15*, 7/20/15, 12/19/15, 12/21-22/15	D.2.4(a), 326 IAC 2-7-5(1)
Furnace Discharge System (EU015)	Baghouse (CE017)	Operate control device when emission unit is in operation	10/10-13/14, 10/16/14, 10/19/14, 10/23/14, 10/25/14, 10/28/14, 11/6/14, 11/9-10/14, 11/15/14, 1/8-9/15*, 1/14/15*, 2/12/15*, 3/2/15*, 3/23/15*, 4/14-16/15, 4/18/15, 4/20/15, 4/28/15, 5/3/15, 5/12/15, 5/17/15, 6/11-12/15, 6/15/15, 6/22-24/15, 6/26-28/15, 7/2/15, 7/8/15, 7/12-13/15, 7/15-17/15, 7/19-21/15, 7/27/15, 7/30/15, 8/5/15, 8/24/15, 8/28/15, 8/30/15, 9/5/15, 9/7/15, 9/11-12/15, 9/21-24/15, 10/5-7/15, 10/13-15/15, 10/21-22/15, 11/3-4/15, 11/6-7/15, 11/11-12/15, 11/15-17/15, 11/19-23/15, 11/25/15, 11/30/15-12/1/15, 12/5-6/15, 12/10/15, 12/12-13/15, 12/15/15, 12/20-21/15, 12/23/15, 12/29/15, 12/31/15	D.3.5(a), 326 IAC 2-7-5(1)
Hearth Layer Separation System (EU016)	Baghouse (CE018)	Operate control device when emission unit	10/11-12/14, 11/3/14, 11/6/14, 11/11/14, 11/15/14, 11/21-22/14, 1/22/15*, 1/26-27/15*,	D.4.4(a), 326 IAC 2-7-5(1)

		is in operation	2/8/15*, 2/25/15*, 3/29/15*, 4/10/15, 4/27-28/15, 5/13/15, 5/20/15, 6/5/15, 6/14/15, 6/18/15, 7/5/15, 7/6/15, 7/13/15, 7/17-19/15, 7/23-24/15, 7/30/15, 8/11/15, 8/26/15, 9/5/15, 9/9-10/15, 9/18/15, 9/21/15, 10/2/15, 10/9/15, 11/7/15, 11/11/15, 12/12/15, 12/21-23/15	
Oxide Pellet Storage and Unloading System (EU019)	Baghouse (CE019a)	Operate control device when emission unit is in operation	10/13-14/14, 10/18-19/14, 10/27/14, 10/30/14, 11/6-9/14, 11/16/14, 12/1-2/14, 12/7-9/14, 12/16-17/14, 1/5-6/15*, 1/16/15* 2/23-24/15*, 3/12-13/15*, 3/16-18/15*, 3/22-24/15*, 3/30-31/15*, 4/3/15, 4/7-8/15, 4/11/15, 4/25/15, 4/27-28/15, 4/30/15, 5/1-2/15, 5/5-7/15, 5/19-21/15, 5/23-28/15, 7/5/15, 7/8/15, 7/14-15/15, 7/18/15, 7/21/15, 8/2-4/15, 8/10/15, 8/18/15, 8/20-21/15, 8/24-25/15, 8/27/15, 8/30-31/15, 9/1-8/15, 9/10-11/15, 9/19/15, 9/22/15, 10/14/15, 11/11/15, 11/13/15, 11/16/15, 11/23-24/15, 12/1/15, 12/3/15, 12/7/15, 12/9-11/15, 12/23/15	D.4.4(a), 326 IAC 2-7-5(1)
Rail Car Unloading (EU001a)	Baghouse (CE001)	Operate control device when emission unit is in operation	3/3-6/15*, 3/8-13/15*, 3/17-20/15*, 3/22-25/15*, 3/27/15*, 3/31/15*, 4/9-10/15, 4/16/15, 4/28/15, 5/10/15, 5/12/15, 5/19-20/15, 5/23/15, 5/27-29/15, 6/1/15, 6/3-4/15, 6/17/15, 6/20/15, 6/24/15, 7/1/15, 7/3/15, 7/6/15, 7/8/15, 7/11/15, 7/18-20/15, 8/27/15, 8/28-	D.1.4(a), 326 IAC 2-7-5(1)

			29/15, 9/11/15, 9/19/15, 10/3/15, 10/13/15, 10/28/15, 11/1/15, 11/5/15, 11/9-10/15, 11/12/15, 11/15/15, 11/22/15, 11/24/15, 11/26/15, 12/3/15, 12/7/15, 12/11/15, 12/13-14/15, 12/16-17/15	
Limestone & Dolomite Grinding Mill Bin Area (EU025b)	Baghouse (CE023)	Operate control device when emission unit is in operation	1/5/15*, 9/23/15, 11/5/15, 11/10/15	D.2.4(a), 326 IAC 2-7-5(1)
Ground Limestone and Dolomite Additive System (EU010)	Baghouse (CE010)	Operate control device when emission unit is in operation	4/6/15, 5/1/15, 6/1/15, 6/11/15, 6/21/15, 6/26/15, 9/22/15, 10/16/15, 11/30/15, 12/1/15, 12/19/15, 12/29/15	D.2.4(a), 326 IAC 2-7-5(1)
Coke Breeze Unloading and Storage Area (EU004b)	Baghouse (CE004)	Operate control device when emission unit is in operation	10/31/15	D.1.4(a), 326 IAC 2-7-5(1)
Coke Breeze Additive System (EU009)	Baghouse (CE009)	Operate control device when emission unit is in operation	10/9/15, 10/16/15, 11/13/15	D.2.4(a), 326 IAC 2-7-5(1)

* As reported in attachments of the April 30, 2015 1st Quarter 2015 Deviation Report.

55. On the following dates, Mag Pellet failed to operate associated air pollution control equipment within specified operating parameters in violation of the listed Title V Permit requirements for the following units. The information was provided in the quarterly reports submitted by Mag Pellet to IDEM, listed in Paragraph 47.

Emission Unit (ID)	**Control Device (ID)**	**Limit/ Requirement**	**Dates of Non-compliance**	**Requirement (Title V Permit and PSD/SIP)**
Furnace Windbox	Gas Suspension	Maintain air flow rate at or above the	10/10-12/14, 10/20/14, 10/24/14, 10/27/14, 10/29/14, 11/1-2/14,	D.3.17(a), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)

Exhaust (EU014)	Absorber (CE015)	minimum of 250,000 dscfm	11/5-6/14, 11/13-14/14, 11/17-18/14, 11/20/14, 11/26/14, 11/28-30/14, 12/2-6/14, 12/10-12/14, 12/14-18/14, 12/21-31/14, 1/1-4/15*, 1/6-9/15*, 1/11/15*, 1/13-31/15*, 2/1-12/15*, 2/14/15*, 2/16/15*, 2/18-21/15*, 2/23-25/15*, 2/28/15*, 3/1-4/15*, 3/7/15*, 3/10/15*, 3/13/15*, 3/25/15*, 3/30/15*, 4/3/15, 4/9/15, 4/12/15, 4/15-18/15, 4/20/15, 4/27/15, 4/29-30/15, 5/5/15, 6/11-12/15, 6/14-15/15, 6/23/15, 7/1/15, 7/12/15, 7/17/15, 8/3/15, 8/29/15, 9/20/15, 9/23/15, 9/29/15, 10/1/15, 10/5/15, 10/7/15, 10/21/15, 10/24-25/15, 11/4-5/15, 11/7-12/15, 11/16-20/15, 11/23/15, 11/26-28/15, 11/30/2015-12/17/15, 12/19/15, 12/25-27/15	
EU019A&B	CE019A&B	Maintain baghouse pressure drop within 5.00-10.0 inches of water	8/26-27/15 (during performance test)	D.4.8(b), 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)
EU027	CE027	Maintain baghouse pressure drop within 3.0-10.0 inches of water	9/2/15 (during performance test)	D.5.7, 326 IAC 2-7-5(1) and 326 IAC 2-7-6(1)

* As reported in attachments of the April 30, 2015 1st Quarter 2015 Deviation Report.
** All dates for CE015 from 4th Quarter 2015 were reported as CE014 in Deviation Report, but interpreted to be for CE015, EU014.

Title V: Design Requirement

56. For the dates provided below, Mag Pellet failed to operate the following emission units consistent with the permitted construction design in violation of 326 IAC 2-7-4(c)(3) and 326 IAC 2-7-5(14). The information was provided in the quarterly reports submitted by Mag Pellet to IDEM, listed in Paragraph 47.

    a. From start-up on September 20, 2014 to present, Title V Permit Condition A.2(o) for bin vent CE020;
    b. From start-up on September 20, 2014 to present, Title V Permit Condition D.6.1(e) for paved roads; and
    c. From start-up on September 20, 2014 to August 25, 2015, Title V Permit Condition A.2(d)(2) for baghouse CE004, with exhaust stack vent (SV004).

Title V: Testing

57. The following units have not been performance tested using acceptable Reference Methods as required by 326 IAC 2-1.1-11 to demonstrate compliance with PM_{10} and $PM_{2.5}$ emission limits (lb/hr and gr/dscf) in the facility's Title V Permit in violation of Title V Permit Condition:

    a. EU004b/CE004;
    b. EU009/CE009;
    c. EU010/CE010;
    d. EU013/CE013;
    e. EU015/CE017a & b;
    f. EU019 a &b/CE019a & b; and
    g. EU027/CE027.

58. The following units have not been performance tested under representative conditions as required by 326 IAC 2-1.1-11 to demonstrate compliance with PM_{10} and $PM_{2.5}$ emission limits (lb/hr and gr/dscf) in the facility's Title V Permit in violation of Title V Permit Condition:

    a. EU001a/CE001 – tested on August 27, 2015 at only 34% permitted capacity;
    b. EU011/CE011b – tested on September 3, 2015 at only 8% permitted capacity; and
    c. EU026/CE024 – tested on September 3, 2015 at only 23% permitted capacity.

59. On February 4, 2016 opacity readings were conducted by EPA. Mag Pellet violated the 5% opacity limit listed in the facility's Title V Permit at Condition D.3.1 for SV013. Opacity, based on the opacity readings done between 12:32pm EST and 1:17pm EST on February 4, 2016, which demonstrate an average opacity of 19.167%.

60. The emission units listed in Paragraph 61 were performance tested greater than 180 days after the start-up of the facility. Mag Pellet violated the 180 day performance testing requirement by not testing all the units listed in Paragraph 61 by March 27, 2015, except for EU011, EU012, and EU027. The testing requirements are listed in the following Paragraphs: 38.c, 38.g, 38.k, and 38.o.

61. On various days between August 25 and September 3, 2015, Mag Pellet conducted performance testing at the facility. The following are emission exceedances of the facility's PSD BACT and Title V Permit limits demonstrated during the performance testing. These emission exceedances are in violation of 326 IAC 2-2-3.

Emission Unit (ID)	**Control Device (ID)**	**Pollutant**	**Emission Limit**	**2015 Stack Test Results**	**Requirement (Title V Permit and PSD BACT)**
Furnace Hood Exhuast (EU013)	Baghouse (CE013)	PM gr/dscf	0.004	0.0058	D.3.1(a) and 326 IAC 2-2-3
		SO_2 @ 20% O_2	7.1 ppm	38.88 ppm	D.3.1(a) and 326 IAC 2-2-3
		SO_2 lb/hr	21.68	41.35	D.3.1(a) and 326 IAC 2-2-3
		NO_X lb/MMBtu	0.25	1.08	D.3.1(a) and 326 IAC 2-2-3
		F @ 20% O_2	2.1 ppm	6.41 ppm	D.3.1(a) and 326 IAC 2-2-3
		F lb/hr	1.98	2.68	D.3.1(a) and 326 IAC 2-2-3
Furnace Windbox Exhuast (EU014)	Baghouse (CE016) & GSA (CE015)	SO_2 @ 15% O_2	5.0 ppm	27.7 ppm	D.3.1(a) and 326 IAC 2-2-3
		SO_2 lb/hr	19.61	48.26	D.3.1(a) and 326 IAC 2-2-3
		NO_X lb/MMBtu	0.25	0.86	D.3.1(a) and 326 IAC 2-2-3
		NO_X lb/hr	109 (SV013A & SV013B)	261.85	D.3.1(a) and 326 IAC 2-2-3
Coke Breeze Unloading (EU004b)	Baghouse (CE004)	PM gr/dscf	0.002	0.0060	D.1.1(a) and 326 IAC 2-2-3
		PM lb/hr	0.1388	0.35	D.1.1(a) and 326 IAC 2-2-3

Coke Breeze Additive System (EU009)	Baghouse (CE009)	PM gr/dscf	0.002	0.012	D.2.1(a) and 326 IAC 2-2-3
		PM lb/hr	0.14	0.67	D.2.1(a) and 326 IAC 2-2-3
Ground Limestone and Dolomite Additive System (EU010)	Baghouse (CE010)	PM gr/dscf	0.002	0.015	D.2.1(a) and 326 IAC 2-2-3
		PM lb/hr	0.32	3.05	D.2.1(a) and 326 IAC 2-2-3
Mixing Area Material Handling System (EU011)	Baghouse (CE011)	PM gr/dscf	0.002	0.0022	D.2.1(a) and 326 IAC 2-2-3
Hearth Layer Bin System (EU012)	Baghouse (CE012)	PM gr/dscf	0.002	0.18	D.2.1(a) and 326 IAC 2-2-3
		PM lb/hr	0.11	5.87	D.2.1(a) and 326 IAC 2-2-3
		PM_{10} gr/dscf	0.002	0.185	D.2.1(a) and 326 IAC 2-2-3
		PM_{10} lb/hr	0.11	6.04	D.2.1(a) and 326 IAC 2-2-3
		$PM_{2.5}$ gr/dscf	0.002	0.185	D.2.1(a) and 326 IAC 2-2-3
		$PM_{2.5}$ lb/hr	0.11	6.04	D.2.1(a) and 326 IAC 2-2-3
Furnace Discharge System (EU015)	Baghouse (CE017a and CE017b)	PM gr/dscf	0.002	0.074	D.3.1(a) and 326 IAC 2-2-3
		PM lb/hr	1.01	28.14	D.3.1(a) and 326 IAC 2-2-3
Hearth Layer Separation System (EU016)	Baghouse (CE018)	PM gr/dscf	0.002	1.272	D.4.1(a) and 326 IAC 2-2-3
		PM lb/hr	0.49	285.65	D.4.1(a) and 326 IAC 2-2-3
		PM_{10} gr/dscf	0.002	1.272	D.4.1(a) and 326 IAC 2-2-3
		PM_{10} lb/hr	0.49	285.65	D.4.1(a) and 326 IAC 2-2-3
		$PM_{2.5}$ gr/dscf	0.002	1.272	D.4.1(a) and 326 IAC 2-2-3

		$PM_{2.5}$ lb/hr	0.49	285.65	D.4.1(a) and 326 IAC 2-2-3
		Opacity	40%	42.9%	C.2(a) and 326 IAC 5-1-2
Oxide Pellet Storage and Unloading System (EU019)	Baghouse (CE019A)	PM gr/dscf	0.002	0.034	D.4.1(a) and 326 IAC 2-2-3
		PM lb/hr	0.13	1.56	D.4.1(a) and 326 IAC 2-2-3
Oxide Pellet Storage and Unloading System (EU019)	Baghouse (CE019B)	PM lb/hr	1.0	1.08	D.4.1(a) and 326 IAC 2-2-3
Limestone & Dolomite Grinding Mill Bin Area (EU025b)	Baghouse (CE023)	PM gr/dscf	0.002	0.0063	D.2.1 and 326 IAC 2-2-3
		PM lb/hr	0.26	0.57	D.2.1 and 326 IAC 2-2-3
Dust Recycle Surge Hopper (EU027)	Baghouse (CE027)	PM gr/dscf	0.002	0.033	D.5.1(a) and 326 IAC 2-2-3
		PM lb/hr	0.05	0.49	D.5.1(a) and 326 IAC 2-2-3

62. On various days between August 25 and September 3, 2015, Mag Pellet conducted performance testing at the facility. The emission exceedances demonstrated during the performance testing are summarized in Paragraph 61. All the emission exceedances listed in Paragraph 61 were required to be retested by February 2016. The failure to retest is a violation of retesting of 326 IAC 2-7-5, 326 2-7-6, and Title V Permit Condition C.15(b).

ENVIRONMENTAL IMPACT OF VIOLATIONS

63. Violation of the opacity standards and PM standards increases public exposure to unhealthy PM. PM, especially fine particulate, contributes to respiratory problems, lung damage, and premature deaths.

64. Violation of NO_x standards increases the amount of acid rain and ground level ozone, which could cause respiratory inflammation.

65. Violation of SO_2standards increases SO_2 concentrations, which current scientific evidence links short-term exposures to SO_2 ranging from 5 minutes to 24 hours with an array of adverse respiratory effects including bronchoconstriction and increased asthma symptoms.

66. Violations of F standards increases exposure to F and HF, which is a developmental neurotoxin and adversely effects multiple systems of the human body.

1/8/16

Date

George T. Czerniak
Director
Air and Radiation Division

CERTIFICATE OF MAILING

I, Kathy Jones, certify that I sent Notice and Finding of Violation Number EPA-5-16-IN-02 by Certified Mail, Return Receipt Requested, to:

Terry Nanti
General Manager
Mag Pellet LLC
64 East 100 North
Reynolds, Indiana 47980

I also certify that I sent a copy of the Notice and Finding of Violation Number EPA-5-16-IN-02 by First-Class Mail to:

Mike Twite
Corporate Environmental Manager
Magnetation LLC
102 NE 3rd Street, Suite 120
Grand Rapids, Minnesota 55744

Janusz Johnson
Section Chief, Office of Air Quality
Indiana Department of Environmental Management
100 North Senate Avenue
Indianapolis, Indiana 46204

Rebecca Hayes
Compliance and Enforcement Manager, Office of Air Quality
Indiana Department of Environmental Management
100 North Senate Avenue
Indianapolis, Indiana 46204

On the 12 day of APRIL 2016.

Kathy Jones, Program Technician
AECAB, PAS

CERTIFIED MAIL RECEIPT NUMBER: 7009 1680 0000 7673 7814